
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 5:23-cv-02030-JLS-KK

Date: October 20, 2023

Title: State National Insurance Company v. Michael Murphy et al

Present: **Honorable JOSEPHINE L. STATON, UNITED STATES DISTRICT JUDGE**

Gabby Garcia
Deputy Clerk

N/A
Court Reporter

Attorneys Present for Plaintiffs:

Attorneys Present for Defendant:

Not Present

Not Present

PROCEEDINGS: (IN CHAMBERS) ORDER TO SHOW CAUSE RE SUBJECT-MATTER JURISDICTION

The Court may sua sponte raise the issue of subject-matter jurisdiction. *See Valdez v. Allstate Ins. Co.*, 372 F.3d 1115, 1116 (9th Cir. 2004). As the party invoking federal jurisdiction, the plaintiff bears the burden of establishing subject-matter jurisdiction. *See Kokkonen v. Guardian Life Ins. Co.*, 511 U.S. 375, 377 (1994).

To fall within the Court’s diversity jurisdiction, an action’s “matter in controversy [must] exceed[] the sum or value of \$75,000.” 28 U.S.C. § 1332(a)(1). “In actions seeking declaratory or injunctive relief, it is well established that the amount in controversy is measured by the value of the object of the litigation.” *Hunt v. Wash. State Apple Advert. Comm’n*, 432 U.S. 333, 347 (1977).

Here, Plaintiff State National Insurance Company seeks rescission of two insurance policies: a property-insurance policy and a general-liability policy. (*See* Compl., Doc. 1 ¶¶ 12, 26–39; Commercial Property Policy, Doc. 12-3; Commercial General Liability Policy, Doc. 12-4.) Plaintiff invokes diversity jurisdiction and alleges

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that it has satisfied the amount-in-controversy requirement because each insurance policy that it seeks to rescind has a coverage limit that exceeds \$75,000.¹ (*Id.* ¶ 5.)

Plaintiff is ORDERED to show cause in writing no later than **seven (7) days** from the date of this Order why the coverage-limit is the relevant benchmark for determining the amount in controversy in an action seeking to rescind a property-insurance or general-liability policy. Defendants have **seven (7) days** thereafter to submit any response. No further briefing will be allowed. Each side’s briefing shall not exceed **five (5) pages**. Following submission of the briefing, the matter will be deemed under submission and the Court will thereafter issue an order.

Initials of Deputy Clerk: gga

¹ Plaintiff contends that the Court also has federal-question jurisdiction under the Declaratory Judgment Act (“DJA”). (*See id.* ¶ 6.) However, the DJA “does not ‘extend’ the ‘jurisdiction’ of the federal courts.” *Medtronic, Inc. v. Mirowski Fam. Ventures, LLC*, 571 U.S. 191, 197 (2014) (citing *Skelly Oil Co. v. Phillips Petroleum Co.*, 339 U.S. 667, 671 (1950)).